



Health Net

November 23, 2009

The Honorable Darrell McGraw, Jr.
State Capitol Complex,
Bldg. 1, Room E-26
Charleston, WV 25305
Fax: (304) 558-0140

Dear Mr. Attorney General,

We are writing to inform you about a security incident in our Shelton, Connecticut offices that may impact the personal information of residents of your state or jurisdiction. The incident involves a lost portable computer disk drive that contains image files that contain personal information such as Social Security numbers (SSNs), names, addresses, phone numbers and possibly protected health information and financial information for some Health Net members. Although the information was not encrypted as required by Health Net policy, the files were saved in an image only format that cannot be easily viewed. Therefore, we believe that the risk of harm to our members is relatively low. However, we will be offering credit protection for all impacted individuals.

Because the files saved on this portable computer disk drive were images (i.e. scans of paper documents) and not raw data, we had to conduct an extensive forensic investigation to determine what information was contained on the disk drive and who might be affected. That work is still not fully complete, but our current estimate is that the personal information of approximately 84 individuals in your state was contained on the disk. We will update you if a significant number of additional residents in your state or jurisdiction are identified.

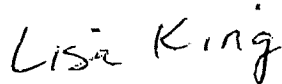
We take very seriously our responsibility to protect the privacy of all our members. While we have no indication at this time that any of the personal information has been accessed or misused, we are tightening security measures to provide greater protection for the information we maintain in order to minimize future risks.

In order to protect any affected members we have hired Debix, Inc. to offer credit protection services for two years to all impacted individuals, and to manage a dedicated call center to quickly address any questions or concerns of those affected. The identity protection services also include \$1,000,000 of identity theft insurance coverage and enrollment in Debix Fraud Resolution Services for two years, if needed, to assist

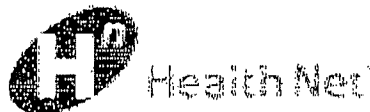
individuals in restoring their credit file. Additionally, if any impacted individuals experienced identity theft between May 14, 2009 and the date of the notification letter, Health Net has arranged for Debix Fraud Resolution Services to restore their identity at no cost to them.

The affected individuals residing in your state or jurisdiction will be sent the attached written notification beginning the week of November 30. We have also posted a statement on our website to ensure that all potentially affected members receive notice. We will also be notifying the three major credit reporting agencies and have already notified the Centers for Medicare & Medicaid Services (CMS). If you have any questions regarding this incident, please contact me at 818-676-8239 or lisa.king@healthnet.com.

Thank you

A handwritten signature in cursive script that reads "Lisa King".

Lisa King
Director, Information Privacy
Corporate Compliance Department
21650 Oxnard Street
Woodland Hills, California 91367
818-676-8239
Lisa.king@healthnet.com



Register for Free Identity Protection

Activation Code: <<code>>

Enroll Online: www.dcbix.com/healthnet

Assistance Hotline: 877-263-8001

<<FirstName>> <<LastName>>

<<Date>>

<<AddressLine1>>

<<AddressLine2>>

<<City>>, <<State>> <<ZipCode>>

|||||

Dear <<FirstName>> <<LastName>>,

Protecting the privacy of our members' personal information is a critical priority at Health Net, Inc. The purpose of this letter is to inform you of a matter involving an unencrypted portable computer disk drive that was discovered missing from a Health Net office. The information on the disk drive is in the form of scanned images rather than raw data and covers the period from 2002 to mid-2009. Because of the nature of the files saved on this portable computer disk drive, we were initially unable to determine what information was on the disk drive. The investigation to make this determination was very lengthy and required a detailed forensic review by computer experts. However, we have now been able to determine that the disk drive contained your personal information such as your name, address, Social Security number and possibly your protected health and financial information.

Fortunately, the files on the missing drive were not saved in a format that can be easily accessible and therefore, we believe the risk of harm to you is low. Additionally, to date, the investigation has not found any evidence that any of the data contained on the disk drive has been misused. Nevertheless, we want to make you aware of the incident and the steps we are taking on your behalf to ensure you are as protected as possible.

To ensure the integrity of your personal information, Health Net has arranged for you to receive identity protection under the Debix Identity Protection Network, available for two years at no cost to you. Once you register, Debix will enroll you in their OnCall Credit Monitoring, and you will receive OnCall Credit Alerts regarding changes to your credit file. If the individual who has received this letter is under the age of eighteen, Health Net has arranged for them to receive credit protection services with Debix ChildScan. Using your phone, you can review and verify these Credit Alerts and the Debix OnCall Investigators are available to assist you in the event that you suspect any fraud relating to your personal accounts. The identity protection services also include \$1,000,000 of identity theft insurance coverage and enrollment in Debix Fraud Resolution Services for two years, if needed, to assist you in restoring your credit file. Additionally, if you experienced any identity theft between May 14, 2009 and the date of this letter, Health Net has also arranged for Debix Fraud Resolution Services to restore your identity at no cost to you.

Debix has a simple internet-based verification and enrollment process. To enroll, visit www.debix.com/healthnet. You will need to provide the activation code listed at the top of this page. Once you have entered your activation code, click on "Sign Up Now" on the right side of the page and follow the website's instructions. Please note, if you enroll online, part of the enrollment process may include receiving a phone call from Debix soon after you initiate the registration process. If you prefer to register through the mail, please complete the enclosed mail-in registration form.

Should you choose not to enroll for the free Debix Identity Protection service, you should continue to check your credit report periodically to ensure fraudulent activity has not occurred. Even if you do not find any signs of fraud on your reports, we recommend that you remain vigilant and check your credit report every three months for the next year.

You may also want to contact the three credit bureaus included in the "State Specific Notification Requirements" attachment to discuss placing a fraud alert on your credit report. The credit bureaus are Equifax, Experian and TransUnion. Additionally, Health Net has arranged for you to be reimbursed for any fees associated with applying or thawing a credit freeze for a two year period. To learn more, please contact Debix at (877) 263-8001.

We also recommend that you regularly review the explanation of benefit statements you receive from Health Net as claims are submitted. If you see any service that you believe you did not receive, please contact Health Net at the number on the statement. You may want to order copies of your credit reports and check for any medical bills that you do not recognize. If you find anything suspicious, call the credit reporting agency at the phone number on the report. You can order your one free credit report per year by calling (877) 322-8228 or visit www.annualcreditreport.com.

Health Net is diligent about ensuring the safety of our members' information. We are vigorously monitoring this matter to ensure the ongoing security of your private information and have implemented additional information security procedures. We sincerely regret any inconvenience or concern this event may cause you. In the meantime, we urge you to take advantage of the services available to you.

If you are interested in receiving identity protection services under the Debix Identity Protection Network, you must enroll in this service within 120 days from the date of this letter and the service will be valid for two years from your enrollment date. If you have any questions or feel that you have an identity theft issue, please contact our representatives at (877) 263-8001 between 9:00 a.m. and 5:00 p.m., CST, Monday through Saturday. You may also find answers to your questions online at www.debix.com/healthnet.

Sincerely,

A handwritten signature in black ink that reads "Lisa King". The signature is written in a cursive, flowing style.

Lisa King
Director, Information Privacy
Health Net, Inc.